

**PROJECT NO. 54062**

<b>REVIEW OF CLASS D WATER AND SEWER UTILITY RATE ADJUSTMENTS</b>	<b>§ § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**ORDER ADOPTING AMENDMENTS TO 16 TAC §24.49,  
AS ADOPTED AT THE NOVEMBER 30, 2022, OPEN MEETING**

The Public Utility Commission of Texas (commission) adopts amendments to 16 Texas Administrative Code (TAC) §24.49 relating to Application for a Rate Adjustment by a Class D Utility Under Texas Water Code §13.1872. The commission adopts this rule with changes to the proposed text as published in the October 14, 2022, issue of the Texas Register (47 TexReg 6711). The amended rule will be republished. Amended §24.49 simplifies the process for a Class D water utility’s application for a rate adjustment. The adopted rule also provides a Class D utility with the benefits of the commission’s professional resources reducing its regulatory compliance burden. The commission also adopts changes to the corresponding Class D utility rate adjustment application form.

The commission received comments on the proposed rule from the Office of Public Utility Counsel offering its general support for the proposed rule.

All comments, including any not specifically referenced herein, were fully considered by the commission. In adopting this rule, the commission makes other minor modifications for the purpose of clarifying its intent.

The rule is adopted under TWC §13.041(b), which provides the commission with the authority to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction, and specifically, TWC §13.181(b), which provides the commission with the authority to fix and regulate rates of utilities; TWC §13.1872, which requires the commission to adopt rules establishing procedures to allow a Class D utility to receive an annual rate adjustment without a hearing; and TWC §13.1873, which requires the commission to adopt rules that allow a Class C or D utility to file a less burdensome application than the applications for a Class A or B utility.

Cross Reference to Statute: Texas Water Code §§13.041, 13.181(b), 13.1872, and 13.1873.

**§24.49. Application for a Rate Adjustment by a Class D Utility Under Texas Water Code §13.1872.**

- (a) **Purpose.** This section establishes procedures for a Class D utility to apply for an adjustment to its water or wastewater rates as allowed by Texas Water Code (TWC) §13.1872(c)(1).
- (b) **Definitions.** In this section, the term application means an application for a rate adjustment filed under this section and TWC §13.1872(c)(1).
- (c) **Requirements for filing of the application.** Subject to the limitations set out in subsection (g) of this section, a Class D utility may file an application with the commission.
- (1) The utility may request to increase its tariffed monthly fixed customer or meter charges and monthly gallonage charges by no more than five percent.
  - (2) The application must be on the commission's form.
- (d) **Determining whether the application is administratively complete.**
- (1) If commission staff requires additional information in order to process the application, commission staff must file a notification to the utility within 14 days of the filing of the application requesting any necessary information.
  - (2) An application may not be deemed administratively complete as required by §24.8 of this title (relating to Administrative Completeness) until after the utility has responded to commission staff's request under paragraph (1) of this subsection.

(e) **Staff recommendation.**

Within 30 days of the filing of the application, commission staff must file a recommendation stating whether the application should be deemed administratively complete as required by §24.8 of this title. If commission staff recommends that the application be deemed administratively complete, commission staff must also file a recommendation on final disposition, including:

- (1) The utility's rate adjustment information as follows:
  - (A) Certificate of Convenience and Necessity (CCN) number;
  - (B) Affected subdivision(s);
  - (C) Existing and proposed base rate by meter size;
  - (D) Existing and proposed gallonage rate by block;
  - (E) Percentage increase of the rate adjustment;
  - (F) Date by which notice is delivered; and
  - (G) Effective date of the rate increase.
- (2) An updated tariff sheet reflecting the requested rate change; and
- (3) The proper notice of approved rates to be provided to the utility's ratepayers as described in subsection (f)(2) of this section.

(f) **Notice of Approved Rates.**

- (1) A utility must send by mail, or by e-mail if the ratepayer has agreed to receive communications electronically, notice to each ratepayer describing the proposed rate adjustment. The notice must be sent after the utility receives a written order

from the commission approving the application, and at least 30 days before the effective date of the approved change.

- (2) A notice of approved rates must include:
- (A) A statement that the utility requested an annual rate adjustment and specifying the percent amount requested;
  - (B) The existing rate;
  - (C) The approved rate;
  - (D) A monthly billing comparison; and
  - (E) A statement that the rate adjustment was requested under TWC §13.1872 and that a hearing will not be held for the request.

- (g) **Time between filings.** A Class D utility may adjust its rates under this section not more than once each calendar year and not more than four times between rate proceedings filed under TWC §13.1872(c)(2).

This agency hereby certifies that the rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority. It is therefore ordered by the Public Utility Commission of Texas that §24.49 relating to Application for a Rate Adjustment by a Class D Utility is hereby adopted with changes to the text as proposed.

**Signed at Austin, Texas the 30th day of November 2022.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**PETER LAKE, CHAIRMAN**

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**WILL MCADAMS, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**

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**KATHLEEN JACKSON, COMMISSIONER**